APRIL 22, 1963

SICCO MANSHOLT SPEAKS ON THE COMMON MARKET

GERMAN FARMER IS "MOST PROTECTED"

SELLING U.S. RICE TO SWITZERLAND

THE UNIVERSITY OF MICHIGAN
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PERIODICAL READING ROOM

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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Self-service stores now flourish in West Germany but open-air markets, such as this one in Worms, still exist in smaller towns. (See story, p. 5)

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SICCO MANSHOLT SPEAKS on the COMMON MARKET

Sicco Mansholt, shown above talking with Secretary of Agriculture Orville L. Freeman, is Vice President of the Commission, European Economic Community. In a speech on April 9 at Washington's National Press Club, he described the dilemma in which the Community finds itself today and went on to appraise its agricultural trade relations with the United States. Because of the importance of this speech Foreign Agriculture is carrying it in full.

There are three main points I wish to speak of today. All of them concern the European Community and, hardly less intimately, the United States and our mutual partners of the free world. They are:

1. The current political situation in the European Community.

2. The Common Market's agricultural policy and its effect on countries outside the Community.

3. The negotiations which we will undertake with the United States under the Trade Expansion Act.

I hope these points do not seem unrelated. To me, they are all closely interwoven in the fabric of Atlantic political and economic interests.

On January 14th of this year, President De Gaulle held a press conference in Paris. He informed the world of his unilateral decision to break off the negotiations in Brussels for the accession of the United Kingdom to the Common Market. Will history mark this date as a fatal event?

The final historical judgment depends upon how Europeans react to what has been done. By this I mean react in the positive sense—not by petty political acts, by opposition through anger, or by sabotage born of frustration. None of these can produce a positive program.

Let us look at the press conference and assess its significance: Its immediate consequence has been to put a stop to the Brussels negotiations. This is serious enough. It is a hard blow for those who have labored for an honestly sought agreement. However, the rupture itself and the manner in which it was carried out have resulted in France's partners in the Community seeking to heal the symptom instead of looking into the causes which produced the symptom.

Two concepts of the Community

The present situation demands that we go to the roots of the problem. Thus, we must go back and examine the basic political concept of those who want a unified Europe based on common democratic institutions, and the other concept of Europe as seen by the President of the French Republic.

After the Second World War, a fragmented Europe sought rebirth as a unified political and economic partner in the free world. The American people, with their tradition of "unity through diversity" in their own federal republic, gave Europe not only a helping hand through the Marshall Plan, but also a deep conviction in the possibility of a broader unity.

The Marshall Plan created in 1948 a partnership among the nations of Europe. Yet it was soon clear that cooperation among European countries, no matter how cordial, was not enough. The mutual and complex problems they faced demanded the creation of a more profound relationship within a framework of European institutions with a federal character. In this framework, European nations could move from the shadow of fratricidal wars cast by "balance of power" politics into a new era of enlightenment wherein majority rule replaced short-sighted national interest. This concept provided Europeans with courage and vision to act.

It is against this concept of Europe that President De Gaulle has set his own concept. It is well-known to all who have read and heard his views. Indeed, he expresses his ideas in such masterly fashion that even those who utterly reject his concept cannot deny his human and political greatness. Nonetheless, the fact remains with which we must deal. It is that his concept regards the renaissance of Europe as being possible only under the leadership of one nation—that only in this manner can Europe assert itself in world events.

In this light, we can understand why the United King-

dom has been excluded from the Community; why the next strongest European nation, Germany, must be tied by coalition agreement; and why the Fouchet Plan for so-called "political union" should replace real political integration.

I would like to add a word about the Franco-German treaty. We are all glad of friendship between these two great nations. And we welcome a bilateral treaty that would underline it. But the actual treaty in its present form creates a serious problem. It requires the governments of both nations to consult with each other in all matters concerning Common Market affairs and to strive for prior agreement. This treaty obligation quite naturally disturbs deeply the four other members—that is, the Benelux countries and Italy. Looking ahead to January 1st, 1966, these two major nations will have the voting strength to block every community decision in the Common Market's Council of Ministers. Their prior consultation will deny the essential quality of our Community—which is the mutual confidence and equality of all members.

The exclusion of the United Kingdom has also signaled that the President of the French Republic does not wish our Community have an open character, but instead sees the future Europe as solely continental.

You Americans know, through your own history, a great deal about these embattled concepts as embodied in the long "state's rights" struggle in the United States. You know, too, the folly of being inward-looking.

The other five members of the Community have reacted very sharply upon the unilateral use of the veto right by France without any consultation with her partners—not only because they badly wanted Britain's entry into the Community but also because it demonstrated De Gaulle's will to create a so-called continental Europe. We have to do everything to prepare for Britain's future entry. I have no doubt regarding which idea of Europe will prevail.

Not a protectionist farm market

I find that agriculture commands a great deal of attention in the United States—not only among farmers and consumers, but also among taxpayers. Well, it's the same in Europe.

Another thing we have in common is this: Wherever people export farm products, they look with suspicion on new developments in agriculture elsewhere. Thus many of your countrymen have attacked the Common Market's so-called "protectionist and inward-looking" agricultural policy.

I give this answer: Our agricultural market organization is no more protectionist than any other—not more, for instance, than yours. We operate by what is called a variable levy system. The mechanism of this levy system is neutral. That is to say, it can be used in a liberal way or in a protectionist, even autarkic, way. You know from what I have said earlier that I will do anything in my power to see it develop in a liberal way. Our system is still in a stage of development where its future shape cannot be accurately predicted. I can say, however, that there is no basis to date for calling it "protectionist and inward-looking."

As you say here, let's look at the record: What has been the history of American farm exports to Europe since the Common Market began?

In 1958, you exported 846 millions of dollars in farm products to us. In 1959, 942 millions worth. In 1960, 1.1 billions worth. And in 1961, almost 1.2 billions in farm products.

You might be interested in knowing that the percentage increase in your farm exports to the Common Market during this period was exactly the same as the increase in agricultural trade among the six member countries. Thus I say there has certainly been no history to date of ill effects on U.S. agriculture because of the Common Market—particularly since our farm exports to you have not greatly increased during the same period.

Future depends on price levels

But it is, of course, fear of the future which worries you Americans—particularly fear for special exports like cereals and poultry, which I hear quite a lot about these days from my friend Mr. Freeman and others at this table.

Well, let's discuss the future.

As you know, the United States is a great cereal supplier to us—some 6 million tons a year. What will become of this market? I can tell you that the variable levy system in itself does not offer the slightest difficulty to your grain exports. It replaces previous quotas, which, as you know, are real obstacles.

The problem lies in where price levels will be established within our internal system—and they have not yet been established.

In 7 years our common agricultural market will have one price level. If that level is set too high, then we will grow more cereal ourselves, and it's not hard to see that this would mean self-sufficiency in 10 years' time and the end of imports. We don't want this.

Since we don't want to stimulate such production in the Common Market of wheat and feed grains, we must be very careful about increasing our prices. And the Common Market Commission has made proposals to keep prices in line.

But although we're doing our best to discourage overproduction among our own farmers and to give the United States and other agricultural exporters a fair deal, I don't want to give you false hope. It will indeed be hard for the United States to increase imports hereafter. But the reason has nothing to do with the Common Market.

The reason is that European agriculture — making the same technological improvements U.S. agriculture has to a large part already made—will soon be able to fill increasing demand for food in Europe. You have technology and chemistry to blame for this, not the Common Market.

If our Common Agricultural Policy did not exist and if there were still six separate national policies, you would still find production running ahead of demand. I believe you have first-hand experience with such a situation here in the United States.

The poultry problem

Now, about poultry. I know that in trade relations on

(Continued on page 15)

German farmers watch the clock at a produce auction. Highest bid stops the clock.

By ALEX BERNITZ
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German Farmer Is "Most Protected"
—but what lies ahead under the EEC?

The West German farmer who plants his tidy fields and raises neat Brown Swiss dairy cows in a lovely, rolling countryside is one of the most protected individuals in the world, economically speaking.

A network of price supports, import controls, direct subsidies, and development programs has been fabricated for him by a government bent upon reducing the disparity between agricultural and nonagricultural incomes as the primary goal of its farm policy. The West German government is committed by law to take no measures that would lower farm incomes.

But supports and subsidies and like devices are scheduled for eventual extinction under the developing common agricultural policy (CAP) of the European Economic Community, or Common Market, of which West Germany is one of six member nations. The CAP will supersede national programs. Therefore, in the future, it may be anticipated that German farm policies will be directed toward increasing productivity and improving quality and marketing in order to meet stiffer competition from within the Common Market and from outside it, too.

German policymakers may be confronted with still another thorny farm problem when the EEC fixes upon a single grain price for the Community countries. There are few doubts outside of West Germany that the common price will be lower than the German domestic price, which is the highest in the Six. Adoption of a common wheat price of about $3 a bushel, the going rate in Germany, for instance, is generally conceded to be out of the question because it could trigger additional millions of bushels of wheat production. The stimulated output probably would come principally from France, where the price is closer to $2 a bushel, and it would pose a Community problem of dealing with burdensome surpluses. So if inflation does not occur first, the price is believed likely to be set below Germany's—an outcome almost certain to reduce the overall level of German farm prices.

More aid to farmers?

The West German government is expected to postpone as long as possible the day upon which German farmers must accept the consequences of a lower grain price. It is anticipated, therefore, that the government will attempt to ease the transition by resorting to other measures of income support and aid to agriculture. There probably will be increased pressure for payment of larger subsidies to the country's farmers.

A farm-to-city movement like that in most industrialized countries has taken some of the pressure off the disparity between West German agricultural and nonagricultural income. Total farm labor, including family and hired help, has decreased 39 percent in the last decade. Current average departures for other employment are about 150,000 a year. To maintain per-farm income at the 1958-59 level, it is estimated that 600,000 to 900,000 must leave the farms between now and 1970.

Away-from-the-farm migration, which has reduced agricultural labor to 8.5 percent of the total population and 17 percent of the labor force, has been a great boon to labor-starved industries of West Germany. Even so, there is a continuing demand for foreign workers, who in 1962 numbered 700,000, most of them from southern Europe.

Below, truck-driven milking van enables farmers to milk cows in pastures. Right, milk arrives at modern plant in large tanks, is then pasteurized and bottled.

Germans, like most Europeans, eat a lot of cheese. Here soft cheese is being inspected before packaging.

Unemployment is remarkably low; last year it was slightly under 1 percent of the total labor force.

West Germany's agricultural production of some $4.5 billion a year represents only about 6 percent of the country's Gross National Product. Livestock products—mainly hogs for slaughter and dairy products—account for three-fourths of that total. Principal crops are wheat, rye, barley, oats, potatoes, sugar beets, and hops. Hops, flour, and specialty meats are the main exports, but at about $250 million a year they represent a mere 2 percent of West Germany's total exports.

As a customer for agricultural produce, on the other hand, Germany assumes a far greater importance. The Federal Republic ranks third after the United Kingdom and the United States among the world's largest importers of farm products. Purchases of $416 million worth of food and fiber in fiscal year 1962 made it America's fourth best agricultural customer, close behind Japan, the United Kingdom, and Canada.

Principal imports from the United States were wheat, feed grains, poultry meat, fats and oils, cotton, and tobacco. In 1961, U.S. leaf comprised 31 percent of Germany's tobacco imports. And it is the principal European importer of American-grown rice.

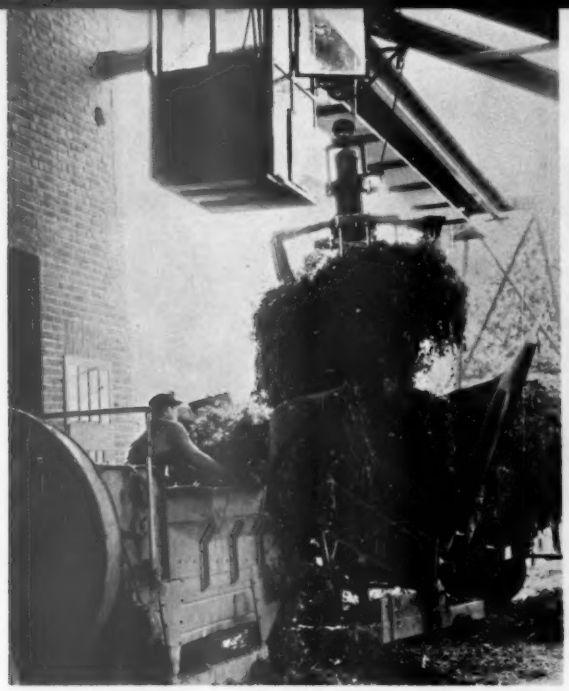
Poultry trade affected

Enterprising U.S. traders, who built up in Germany a $50-million annual business in poultry meat in the short span of half a dozen years, watched that business decline, at least temporarily, when duties were boosted from 4½ cents a pound to 12½ on July 30, 1962. They are hopeful that this duty burden will be lightened to some extent.

Notwithstanding America's poultry experience, the onset of the CAP has had the effect of liberalizing West Germany's quantitative import controls with respect to products covered by Community regulations—wheat, flour, feed grains, poultry and eggs, live hogs, whole hog carcasses, wine, fruits, and vegetables. This is because, prior to last July 30, some 75 percent of Germany's farm output (not including poultry) was protected by quota restrictions, and after that date these were abolished on EEC-regulated commodities.

That does not mean, however, that some of these products are not subject to escape clause action and, in some cases, to import licensing. Some, such as poultry—as the United States well knows—fall under minimum import and variable levy provisions. The importation of certain other products not covered by CAP regulations is nationally regulated and partially subject to import controls.

To sum up, then: The overall effect of Community regulations announced to date has been to increase the degree of German farm protection with respect to imports from third (nonmember) countries.



Left, co-operative fodder dryer, and below, modern hen house. To lower price of eggs government urges farmers to mechanize their poultry operations.

Trade agreements

West Germany trades manufactured goods for a substantial part of its food and raw material requirements. Bilateral trade agreements have been used extensively to accomplish this purpose; at least 16 of them, which include agricultural commodities, currently are in force with nations outside the Common Market. But as a result of the EEC market regulations, certain import obligations incurred in these third country agreements have become invalid. Additional bilateral quotas are expected to fall by the wayside as the CAP is further activated.

West Germany has trade agreements embracing farm products with all East Bloc countries except Albania and Communist China. The most important of them is a 1961-63 contract with the USSR. During 1962, no new commodity lists were exchanged with the bloc countries, but the volume of trade as stipulated in the old lists has been maintained.

Internal policies and the CAP

Inside West Germany, the EEC grain ordinance now has replaced the previous system of fixed producer (support) prices and a minimum-maximum price range for rye, wheat, oats, and barley, plus four price areas for bread grains.

The EEC ordinance establishes a system of intervention (support) prices which are based on target prices (desired wholesale prices in each member country, in this case Germany) for rye, wheat, and barley, but not for oats. The intervention price is set at 7.5 percent below the target price at one marketing point (Duisberg), the major deficit area for those grains. Minus handling costs, it corresponds approximately to the former fixed support price.

Target and intervention prices derived from the Duisberg standard are next established at 202 points, based on distance, within West Germany. Ten monthly price increases have been continued to cover handling and storage costs for the bread grains, and six have been added for barley. Pre-CAP freight subsidies for domestic bread grains no longer exist, but grain freight rates have been reduced about 44 percent.

A single basic border price which previously was applicable throughout the year to all supplier countries now has been superseded by threshold prices—prices for normal-quality German wheat at the border—and they rise proportionately with periodic increases in the bread grain and barley target prices. A freight equalization scheme which equalized the rate to millers in all areas has been abolished. Now the prices of imported grain rise during the year and vary at any time according to the distance from ports of entry.

Import and milling quotas for wheat have been abolished (except in relation to state trading countries in the East Bloc), but with the EEC grain ordinance have come threshold prices for flour and semolina among products which formerly were insulated by quota restrictions. Levies now are imposed on more than 150 grain products and grain substitutes ranging from wheat to starch and from manioca meal to dog biscuits.

The levies are computed on the basis of applicable c.i.f. (cost, insurance, freight) prices announced at EEC headquarters in Brussels.

Commodity situations in brief

The current situation on a few important commodities looks like this:

Livestock products—Under Federal market laws requiring the Ministry of Agriculture to draw up yearly supply, distribution, and import requirement plans, prices are not fixed directly but are influenced by import controls and domestic market intervention purchases. EEC market regu-

Right, young German farmers compete in a test to show how well they can plow a straight furrow. But on many mountain farms pitchforks and ox teams, as shown below, are still a very common sight at haying time.

lations will supersede these laws, but to date only live hogs and pork carcasses have become subject to the EEC system of minimum prices, import levies and safeguard clauses. Regulations on other livestock products are under consideration. Poultry and eggs also are subject to the regulations, but there are no gate (minimum) prices among the EEC countries.

Subsidies paid to poultry and egg producers in pre-CAP days when the market was virtually uncontrolled have been discontinued. They were intended to compensate for the difference between domestic and foreign feed grain prices.

Fruits and vegetables—Quality, size, and packing standards are being set by the EEC for 21 fresh fruits. Exporters will have to meet only one set of standards instead of six, but they will find it more difficult to sell low quality products. Third country imports may be suspended or taxed on a compensatory basis if their exports disturb Community markets.

Milk, dairy products, fats, and oils—All are subject to market laws. Milk prices are fixed, and imports of other dairy products are controlled. Butter prices and imports are regulated by intervention purchases and strict controls, respectively. The price of rapeseed, West Germany's principal oilseed, is supported at a high level, and its market is insured by a requirement that margarine contain 6 percent of rape oil.

Green Plan aids farmers

The West German Government has been contemplating a radical change in its farm assistance program to a system of direct income support. But there is no sign of it on the legislative horizon for 1963, because the draft of the annual Green Report made no mention of it this year. (The administration is required under the Agricultural Law of 1955 to submit to the West German Parliament an annual survey of the agricultural situation, the Green Report, and a plan of agricultural assistance, the Green Plan.)

Aid to agriculture under the Green Plan has fallen basically into two categories: (1) subsidies, either direct, as in the case of milk production, or indirect, meant to lower the cost of inputs such as fertilizers; and (2) loans and grants to improve farming efficiency.

In 1962, the Parliament appropriated $515 million to implement the Green Plan. Of this total, $300 million went into farm income support in the form of direct and indirect subsidies. The remaining $215 million was allocated for the improvement of farm structure and the working and living conditions in agriculture.

More than half of the latter total, or $127.5 million, was set aside for land consolidation, farm enlargement, and transfer of farm buildings to sites better located in relation to the operators' farmlands. German farms are often badly fragmented as a result of centuries of estate divisions. Other money went into old-age pensions, settlement of married farm workers, and into research, training, and extension services.

Future distributions of Green Plan funds may require changes to accommodate the adjustment of West German farming to the new competitive conditions growing up under the common agricultural policy of the European Economic Community.

This is the second in a series of articles on the agricultural policies of the Common Market countries. Next weeks' issue will carry one on the Netherlands, to be followed by articles on Belgium-Luxembourg, and Italy. Photographs illustrating this article were supplied by the GERMAN INFORMATION CENTER, *New York, N.Y.*

U.S. Rice Exports to Switzerland Rising Through Unique, Nonpartisan Promotion

By SI GRIDER, *Executive Secretary*
U.S. Rice Export Development Association, Inc.

U.S. rice is promoted in Switzerland as nowhere else in the world. Promotion handled by the Swiss Government through a publicity organization called RISO, emphasizes rice—not specifically U.S. rice—but the result is a growing preference among Swiss consumers for the U.S. product.

This unique approach grew out of a ruling by the Federal Council of Switzerland in 1949 that certain essential foodstuffs be stockpiled by importers and each Swiss housewife.

The only firms permitted to import any of the essential foodstuffs were required to exchange these compulsory stocks regularly so that the quality of stockpiled foods would be maintained. Among these was rice, which Switzerland does not produce.

Until 1959, demand for rice was great and exchange was easy. At this point, demand fell and RISO was set up to encourage the use of rice.

RISO is a voluntary organization of all Swiss rice importers and the promotional organizations of the two countries from which Switzerland imports most of its rice, Italy and the United States. Financial support comes from the Swiss Government and the importers, and to a lesser degree from the two promotional groups, the U.S. Rice Export Development Association, Inc., and the Ente Nazionale Risi of Italy. RISO's Board of Directors is made up of representatives of the importers and the two groups.

The U.S. rice organization represents the U.S. rice industry in cooperation with the Foreign Agricultural Service in market development work abroad. Its work is financed by foreign currencies generated by P.L. 480 and dollar contributions from the association membership. Ente Risi is a semi-governmental agency which regulates Italy's rice production, collects the crop, and determines export levels.

RISO decided to concentrate its promotional activities on the Swiss housewife, who—though rice costs only about 1½ cents a serving—did not like to cook it.

The budget for RISO's first promotion campaign in 1961-62 was just under $51,000. Principal tool of the campaign was a pamphlet to which was devoted almost half that sum. Over 1.8 million copies were distributed in 1962. The pamphlet was printed in German, Italian and French and contained such information as the cooking time for various qualities of rice, why and how rice must be stockpiled, and recipes for six meals.

Thirty thousand posters printed in German, French, and Italian went to retail stores. Some 8 million messages about rice were carried through radio, television, magazines, and newspapers.

RISO also produced a film showing rice being used by the Swiss armed forces, stockpiled for emergencies, grown, processed and cooked.

The promotion had immediate impact: in the fourth quarter of 1961—before the campaign began—rice consumption stood at 5,200 tons; a year later consumption for the same period was 7,400 tons—a 42-percent increase. Meanwhile, imports from the United States increased from 13.5 percent of total imports to 18.5 percent.

The pamphlet had proved such a success that another was prepared for the 1962-63 campaign, in the three languages. Posters are again being used in retail stores.

A new approach is also being tried this year. In March, RISO sent 2,500 domestic science teachers a package containing a pound box each of U.S. medium grain, long grain, and parboiled long, and 3 pounds of Italian rice. A booklet on rice cookery is being distributed to the teachers and to all their students, as well.

This Swiss version of market development differs greatly from the partisan approach being used so successfully to promote U.S. rice in the United Kingdom and in the rest of Europe. However, RISO's emphasis on the nutritious value of rice, its versatility and ease of preparation has paid off in greater consumption of all rice, and at the same time, increased the U.S. share of the market.

(l.-r.) Rudolf Probst and Charles Parisod of RISO, Hans Tschudi of MIGROS supermarkets, and Mrs. Dorothy Hutcheson of U.S. Rice staff, at Swiss meeting.

International Coffee Agreement Extended

The Board of Directors of the International Coffee Agreement recently issued a resolution extending the short-term International Coffee Agreement until September 30, 1963, or until the proposed long-term agreement comes into force. The new agreement, negotiated at the United Nations last summer, is awaiting ratification by sufficient producing and consuming countries to become effective. Export quotas have been fixed for the April-September 1963 period at the difference between the balance left on March 31 and 99 percent of the annual quotas set forth in the new long-term agreement.

The proposed long-term International Coffee Agreement would include consuming as well as producing countries. The short-term agreement included producing countries only. Both agreements are based primarily on an export-quota type of arrangement.

The United States Grinds More Cocoa Beans

Grindings of cocoa beans in the United States during the first quarter of 1963 amounted to 155.3 million pounds, 9 percent above 1962 first quarter grindings of 142.3 million. Total 1962 grindings were 560.9 million pounds, compared with 540.4 million the previous year. The United States is the world's largest importer and processor of cocoa beans.

Germany Big Buyer of Costa Rican Coffee

Western Germany in 1962 continued to be the biggest buyer of Costa Rican coffee, purchasing 42.3 percent of the coffee exports. Coffee accounted for U.S. $47,204,000 of Costa Rica's total exports of $85 million in 1962. This represented 55 percent of the value of all exports. The U.S. share of coffee exported was 33.7 percent.

India Plans Expansion in Sugar Output

In order to remedy the current shortage of sugar in India (as reported in *Foreign Agriculture* of April 1 and March 11), the Minister of Food and Agriculture announced last week that his government is planning to revise its sugar policy to raise production for the 1963-64 season.

The principal points of the new policy are: (1) Additional incentives will be given to growers to raise production of cane and to deliver adequate quantities to sugar mills. (2) Approval of a cooperative program with the Uttar Pradesh Government has been granted for the intensive cultivation of cane in blocs of about 4,000 acres around each sugar mill in the State. Bihar and Punjab States have been asked to prepare similar schemes. (3) Six centrally operated pilot projects are to be launched in Uttar Pradesh, North Bihar, and Punjab States to increase sugar output by improving farmers' cultivation methods. (4) Sugar manufacturers will be provided with incentives to increase crushings.

The Government of India hopes that this project, which begins November 1, 1963, will raise sugar production to 3.8 million short tons raw value next year when the sugar is harvested.

Record South African Tobacco Exports

The Republic of South Africa's exports of unmanufactured tobacco during 1962 set a new record: 18.3 million pounds, compared with 9.3 million in 1961 and 10.4 million in 1960. Breakdown by country of destination for 1962 is not currently available, but exports of flue-cured amounted to 10.0 million pounds; light air-cured types, 1.7 million; and dark air-cured types, 6.6 million.

South Africa's imports of unmanufactured tobacco last year amounted to 4.8 million pounds, compared with 4.3 million in 1961 and 5.1 million in 1960. Breakdown by country of origin for 1962 is not currently available, but imports consisted of 3.8 million pounds of flue-cured, .7 million pounds of burley, and .3 million pounds of dark air-cured types.

Rhodesian Flue-cured Prices Weakening

Average weekly auction prices for the 1963 flue-cured crop currently being sold in Salisbury, Southern Rhodesia, have weakened since the opening of the market on March 12. Auction prices for the first week averaged the equivalent of 42.4 U.S. cents per pound; the second week, 42.2 cents; the third week, 38.8 cents; and the fourth week, which ended April 4, 37.7 cents.

Total sales through April 4 were 25 million pounds, at an average price equivalent to 39.7 U.S. cents per pound. Last year, sales through the fourth week amounted to 21.5 million pounds at an average price equivalent to 49.1 U.S. cents per pound.

Japan Increases Use of U.S. Tobacco

In 1962, Japanese tobacco factories used 19.1 million pounds of U.S. leaf tobacco, compared with 15.3 million pounds in 1961 and 12.4 million in 1960. Japanese use of U.S. leaf has increased steadily, in recent years, following the initiation of a market development project in 1956 to promote sales of cigarettes containing U.S. tobacco. The project, which is still operative, was undertaken jointly by the Japan Monopoly Corporation, the U.S. tobacco export trade, and the U.S. Department of Agriculture.

Sales of domestic-made cigarettes in Japan in 1962 amounted to 139.0 billion pieces—up 6.2 percent from the 130.9 billion sold in 1961. Sales of cigarettes containing U.S. tobacco rose to 41.0 billion in 1962, compared with 33.1 billion in 1961. Of the 41.0 billion sold in 1962, "Peace," which contains 25 percent U.S. flue-cured tobacco, accounted for 19.2 billion pieces and "Hi-Lite," which contains 7 percent U.S. flue-cured and 3 percent U.S. burley, accounted for 13.5 billion pieces. The remainder was represented by less important brands—"Fuji," "Pearl," "Hope," "Hikari," and "AAA."

SALES OF MAJOR BRANDS OF CIGARETTES BY JAPAN MONOPOLY TO RETAIL SHOPS

Brand	1960	1961	1962
	Million pieces	*Million pieces*	*Million pieces*
Peace [1]	14,703	17,262	19,229
Hi-Lite [1] [2]	2,399	7,222	13,483
Hope [1] [2]	1,067	1,301	2,081
Pearl [1]	2,081	1,971	1,930
Hikari [1]	2,483	1,871	1,045
AAA [1]	2,891	3,189	2,912
Fuji [1]	252	274	294
Ikoi	29,634	34,704	37,679
Midori	4,968	4,425	3,909
Shinsei	52,701	52,562	50,601
Golden Bat	6,583	6,156	5,793
Total	119,762	130,937	138,956

[1] Contain U. S. tobacco. [2] Filter tipped.

Austrian Cigarette Sales Increase

Austria's sales of cigarettes in 1962 totaled 9,719 million pieces—up 4.7 percent from the 9,284 million sold in 1961.

Currently, the best-selling brands are "Austria 3," which sells for the equivalent of 19.2 U.S. cents per pack (of 20) and "Smart Export," a filter-tipped cigarette, which sells for 34.7 cents per pack. Together, these two brands account for about one-third of Austria's total cigarette sales. "Smart Export" is extremely popular in Austria. It is now being advertised under a market development project jointly undertaken by the Austrian Monopoly, the U.S. trade, and the Department of Agriculture. It also is in demand in foreign markets—including West Germany, France, Poland, Czechoslovakia, and Italy.

The Austrian Tobacco Monopoly is now selling 23 brands of cigarettes made in Austria and 24 brands of imported cigarettes, including 5 brands made in the Monopoly's factory at Munich, West Germany.

In 1962, about 35 percent of total cigarette sales consisted of filter-tipped brands, compared with 23 percent in 1961.

Malagasy's Tobacco Exports Gain

The Republic of Malagasy's exports of unmanufactured tobacco turned upward during 1962 after showing a downward trend. Exports last year totaled 7.8 million pounds —up 20 percent from the 6.5 million shipped in 1961.

Combined imports of leaf tobacco and products during 1962 totaled 2.1 million pounds, compared with 3.3 million for the previous year.

U.S. Poultry Exports to Austria May Increase

U.S. chances of obtaining a large share of the Austrian poultry meat market were improved when the Austrian Government raised the informal U.S. FY 1963-64 poultry import quota to 3.3 million pounds. This is almost double last year's import quota of 1.8 million pounds of United States poultry.

In fiscal 1962-63, the United States was Austria's third largest supplier of frozen chickens. Frozen chickens accounted for about 83 percent of the total 1.8 million pounds exported in 1962-63. Approximately 60 percent of this trade occurred during the tourist season. The 1963 tourist season will, to a large degree, determine the extent to which the expanded quota authorization for U.S. poultry will be utilized.

Norway's Cheese Exports Up; Butter Off

Norway exported 21 million pounds of cheese in 1962, an increase of 76,000 pounds over 1961. The United Kingdom, West Germany, and Italy continued to be the most important markets, taking 73 percent in 1962. Sales to the United States—slightly under 1 million pounds—were practically unchanged from last year. Japan became an important outlet for Norway in 1962. It purchased and imported last year more than 2 million pounds, all hard-type cheeses.

Butter sales were down 5 percent to 11 million pounds, the lowest level since 1958. The United Kingdom and West Germany, the main customers for butter, accounted for almost 87 percent of the total Norwegian exports of butter in 1962.

Mexico Transships More Cotton

Transshipments of Mexican cotton through U.S. ports rose to 384,000 bales (500 pounds gross) in the first 5 months (August-December) of the current season. This was an increase of 52 percent from the 252,000 bales transshipped in the corresponding months of the previous season.

Shipments in December were 87,000 bales, compared with 53,000 bales in the preceding month and 49,000 in December 1961.

Quantities shipped to major destinations from August 1962 through December 1962, with comparable 1961 figures in parentheses, were: France 84,000 bales (31,000); Italy 74,000 (27,000); West Germany 59,000 (30,000); Switzerland 39,000 (12,000); United Kingdom 25,000 (12,000); Australia 15,000 (6,000); Belgium 14,000 (7,000); Portugal 12,000 (8,000); Czechoslovakia 11,000 (0); and Netherlands 9,000 (3,000). All figures given are in bales.

U.S. ports through which most Mexican transshipments moved during the period under review were: Brownsville 292,000 bales; San Diego 76,000; Houston 9,000; Galveston 4,000; and Los Angeles 2,000. These U.S. ports are accessible to Mexico.

U.S. Exports Less Cotton This Season

U.S. exports of all types of cotton totaled 1,875,000 running bales in the first 7 months (August-February) of the current season, compared with 2,969,000 bales in the same months a year earlier.

February exports totaled 522,000 bales, compared with 211,000 in January and 381,000 in February 1962.

Registrations for exports under the 1962-63 payment-in-kind program reached 2,826,000 bales as of April 5, compared with 3,952,000 bales on approximately the same date a year earlier. The table on the following page gives export figures by country of destination.

COTTON: U.S. EXPORTS BY COUNTRY OF DESTINATION
AUGUST-FEBRUARY 1962-63 WITH COMPARISONS

(1,000 running bales)

Destination	Year beginning August 1				
	Average			August-February	
	1955-59	1960	1961	1961	1962
Austria	33	35	33	22	9
Bel.-Lux.	160	179	100	64	49
Denmark	17	23	13	7	9
Finland	22	29	21	19	10
France	360	549	300	219	111
Germany, West	475	421	205	157	67
Italy	416	454	376	271	145
Netherlands	124	179	106	71	52
Norway	10	14	13	10	6
Poland & Danzig	85	228	139	0	7
Portugal	28	25	18	15	4
Spain	171	171	155	155	(1)
Sweden	75	101	99	74	37
Switzerland	64	99	75	63	30
United Kingdom	525	371	270	185	100
Yugoslavia	108	88	175	75	62
Other Europe	17	8	8	3	3
Total Europe	2,690	2,974	2,106	1,410	701
Australia	54	49	64	38	20
Canada	217	259	397	243	151
Chile	35	51	12	11	6
Colombia	33	0	1	0	(1)
Cuba	27	2	0	0	0
Ethiopia	4	4	13	9	14
Hong Kong	134	219	104	58	40
India	184	599	215	24	59
Indonesia	30	36	46	33	27
Israel	16	9	10	3	3
Japan	1,154	1,746	1,028	667	523
Korea, Rep. of	205	195	300	158	109
Morocco	10	9	14	10	5
Pakistan	14	5	39	6	(1)
Philippines	64	149	142	67	67
South Africa	26	51	52	37	10
Taiwan (Formosa)	153	176	256	106	87
Thailand	4	23	30	18	14
Uruguay	15	18	11	10	0
Venezuela	2	(1)	16	16	4
Vietnam [2]	2	26	30	26	29
Other countries	27	32	28	19	6
Total	5,100	6,632	4,914	2,969	1,875

[1] Less than 500 bales. [2] Indochina prior to 1958. Includes Laos and Cambodia.

Cotton Division, FAS, from Bureau of Census records.

Japan's Wheat Output May Drop

The Japanese wheat crop for 1963 has been forecast at 1.5 million metric tons, a decrease of 130,000 tons from the 1962 outturn. The expected drop is due to acreage reductions combined with severe winter weather on the Japan Sea coast and drought conditions on the east coast.

Japanese purchases of U.S. wheat are estimated to have reached or exceeded 1 million metric tons during fiscal year 1963, an increase over the 936,308 metric tons bought in 1962. (The Japanese fiscal year is April 1962—March 1963.)

Total purchases by Japan in 1962 were 2,514,570 tons, 64,395 tons below the year before. Purchases from Canada were down by 12 percent and from Australia by 19 percent. Canada and Australia are big wheat exporters.

Flour Consumption in Israel Declines

Israel's removal of wheat flour subsidies and lifting of price controls on bread in August 1962 has resulted in higher bread prices and a decrease in bread consumption. Figures on flour consumption for August-December 1962 show a decline of 11.5 percent when compared to the same 5 months of 1961. Dark flour consumption registered the major loss—dropping from 40,000 metric tons to 30,000 tons in this period.

For 1962 as a whole, per capita consumption of wheat flour decreased 5 percent from that of 1961, white flour declined only 0.4 percent, and standard flour consumption dropped 12.4 percent. Total flour consumption for 1962 was 0.6 percent lower than in 1961, despite the increase in population and the fact that bread price increases were in effect for only 5 months.

Final Payments for Canadian Wheat Pool

The average final payment to Canadian farmers for wheat delivered to the Wheat Board during the 1961-62 (August-July) marketing year amounted to 43 cents per bushel.

Final payment on the highest quality wheat, No. 1 Manitoba Northern, was 41 cents per bushel. This added to the initial payment of $1.50 brought this year's total final price to $1.91—the highest amount ever paid by the Wheat Board since its establishment in 1935 and the highest received by Prairie farmers in the past 42 years.

Australian Meat Moves to the U.S.

Four ships left Australia the second and third weeks of March with 6,155,520 pounds of beef, 669,760 pounds of mutton, 15,680 pounds of lamb and 4,480 pounds of variety meats for the United States.

Ship and sailing date	Destination [1]	Arrival date	Cargo	Quantity
	Eastern and Gulf ports			*Pounds*
Lake Ontario [2]	Tampa	Apr. 4	Beef	33,600
Mar. 8	Houston	Apr. 8	do.	35,840
	New York	Apr. 18	do.	275,520
Nottingham [2]	Everglades	Apr. 7	do.	109,760
Mar. 12	New York	Apr. 14	do.	548,800
	Boston	Apr. 24	do.	11,200
City of Canberra	Tampa	Apr. 9	do.	517,440
Mar. 13	Norfolk	Apr. 11	do.	127,680
	Charleston	Apr. 12	do.	271,040
		do.	Mutton	134,400
	Boston	Apr. 14	Beef	356,160
		do.	Mutton	87,360
	New York	Apr. 15	Beef	4,085,760
		do.	Mutton	100,800
	Phila.	Apr. 24	Beef	282,240
		do.	Mutton	67,200
		do.	Lamb	15,680
		do.	Var. meats	4,480
Pioneer Reef	Houston	Apr. 13	Beef	107,520
Mar. 13		do.	Mutton	134,400
	Charleston	Apr. 18	Beef	33,600
	New York	Apr. 24	do.	228,480
		do.	Mutton	33,600
	Phila.	Apr. 26	Beef	78,400
	Baltimore	Apr. 28	do.	33,600
Vegaland	Houston	do.	Mutton	112,000
Mar. 22				
	West Coast			
Mariposa	San Francisco	Apr. 4	Beef	33,600
Mar. 21				

[1] Cities listed indicate location of purchaser and usually the port of arrival and general market area, but meat may be diverted to other areas for sales. [2] In addition to amount reported in Foreign Agriculture, April 8, 1963 (1,014,720 pounds of beef).

Meat, Wool, and Cattle Imports Rise

Most of the U.S. imports of livestock and meat products were higher in the first 2 months of 1963 than in the same period in 1962.

The rise in imports of beef and veal continued in the early months of 1963, reaching a level more than one-third above the first 2 months of last year. The bulk of this meat—boneless beef from Australia, New Zealand, and Ireland—was imported to supplement U.S. supplies of manufacturing meat.

Variety meat imports were up one-fourth while dutiable (apparel) and duty-free (carpet) wool imports were up 14 and 26 percent, respectively.

Imports of live cattle during February remained at about the same level as the previous year, but for the first 2 months taken together were one-third above 1962.

Most categories of hides and skins were imported in smaller amounts both during the month of February and through the first 2 months of the year taken together.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS

Item	February		Jan.-Feb.	
	1962	1963	1962	1963
Red meats:				
Fresh frozen, canned, and cured beef and veal	*1,000 pounds* 49,332	*1,000 pounds* 98,923	*1,000 pounds* 114,179	*1,000 pounds* 155,775
Other meats [1]	1,702	1,972	4,068	3,538
Total beef and veal	51,034	100,895	118,247	159,313
Pork	14,624	20,424	31,982	33,907
Mutton	2,570	15,617	12,103	19,797
Lamb	890	2,828	1,868	3,761
Total red meat	69,118	139,764	164,200	216,778
Variety meats	114	350	422	531
Wool (clean basis)				
Dutiable	11,407	17,741	23,924	27,401
Duty-free	10,650	18,638	21,160	26,644
Total wool	22,057	36,379	45,084	54,045
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Hides & skins:				
Cattle	76	42	111	62
Buffalo	82	48	107	88
Calf	35	47	75	92
Kip	80	106	116	124
Sheep and lamb	3,122	2,546	5,452	2,907
Goat and kid	1,601	1,782	2,710	2,373
Horse	53	26	90	44
Pig	97	81	311	165
Live cattle [2]	98,496	100,390	186,713	243,216

[1] Other meat, canned, prepared, or preserved. [2] Includes cattle for breeding.
U.S. Department of Commerce.

Frozen Mexican Strawberry Imports Up

U.S. imports of Mexican frozen strawberries hit a record high during the first 2 months of 1963 and were more than 2½ times larger than in the same 1962 period. Approximately 3.4 million pounds were imported during January and February—almost 1.1 million pounds larger than the comparable months in 1959.

Preliminary data for the month of March strongly suggest that such imports are continuing their accelerated pace. During the 5-week period, March 3 through April 6, nearly 12.4 million pounds were imported as compared to the preliminary figures of only 10.9 million pounds during the same period of last year.

Each successive year since 1959 has witnessed a significant increase in the importation of frozen strawberries from Mexico, rising from 14.1 million pounds in 1959 to a high of 32.3 million pounds in calendar year 1962.

Malaya Exports Less Copra, Coconut Oil in 1962

Net exports of copra and coconut oil from the Federation of Malaya and Singapore totaled 11,899 long tons, oil equivalent basis, in 1962. This was less than one-third the volume shipped in 1961.

Malaya-Singapore, a net importer of copra, exported

(text continued on page 14)

MALAYA-SINGAPORE, EXPORTS, IMPORTS, AND NET EXPORTS OF COPRA AND COCONUT OIL, 1961 AND 1962

Continent and country	Copra		Coconut oil	
	1961 [1]	1962 [1]	1961 [1]	1962 [1]
EXPORTS	*Long tons*	*Long tons*	*Long tons*	*Long tons*
North America	—	—	1,112	[2] 7,653
South America	7,151	—	226	1,728
Europe:				
Belgium	7,504	600	—	—
Denmark	590	—	—	—
France	493	—	1,016	—
Germany, West	1,921	299	4,483	—
Italy	628	675	6,091	2,594
Netherlands	7,384	300	8,418	685
Norway	—	—	20	20
Spain	2,082	496	760	104
Sweden	5,787	1,273	—	2,327
United Kingdom	1,506	200	11,239	1,773
Yugoslavia	1,600	—	—	—
Other	—	400	—	—
Total	29,495	4,243	32,027	7,503
Africa:				
Egypt	—	—	1,256	1,035
Morocco	—	—	1,017	—
South Africa, Republic of	—	—	6,048	5,025
Other	—	—	3,188	3,936
Total	—	—	11,509	9,996
Asia:				
Burma	26	—	34	1,849
China, Mainland	—	—	2,700	600
China, Taiwan	—	700	1,300	1,091
Hong Kong	—	—	1,153	388
India	37,724	18,940	54	45
Indonesia	—	—	213	—
Iraq	3,260	2,702	205	—
Japan	27,465	6,005	—	—
Pakistan	—	—	1,754	1,446
Other	2,185	5,717	4,538	7,307
Total	70,660	34,064	11,951	12,726
Oceania	186	—	318	1,908
Grand total	107,492	38,307	57,143	41,514
IMPORTS				
British Possessions	919	2,767	2,812	1,668
Indonesia	123,230	78,830	100	44
Other	1,134	920	20	51
Grand total	125,283	82,517	2,932	1,763
Net exports	—17,791	—44,210	54,211	39,751
Net exports of copra and coconut oil:				
Copra equivalent	68,258	18,887	—	—
Oil equivalent	—	—	43,003	11,899

[1] Preliminary. [2] All to Canada.
Compiled from official sources.

38,307 tons of copra in 1962 against 107,492 tons in 1961. The main destinations were India, accounting for about 50 percent of the total, and Japan and Iraq. Imports decreased by over one-third to 82,517 tons, largely because of reduced supplies from Indonesia.

Malaya-Singapore, a net exporter of coconut oil, imports insignificant quantities of oil. Imports in 1962 amounted to 1,763 tons compared with 2,932 tons in the previous year. Coconut oil exports declined by about one-fourth to 41,514 tons. The main destinations were Canada, the Republic of South Africa, Aden (2,948 tons), Italy, and Sweden. Exports to Europe, which accounted for the bulk of exports in 1961, were reduced sharply.

Philippines Exports More Copra, Coconut Oil

Recorded copra and coconut oil exports of the Philippines in January-March 1963, as compiled from monthly data on registered shipments, totaled 205,107 and 44,710 long tons, respectively.

Exports during the comparable period in 1962 amounted to 149,424 tons for copra and 22,941 tons for coconut oil.

France To Expand Oilseed Plantings

France, a major world oilseed importer, will increase the area planted to oilseeds in 1963 by about 8 percent from 1962 acreage.

FRANCE: OILSEEDS, PLANTED ACREAGE AND PRODUCTION, 1961 AND 1962; ESTIMATED 1963

	1961		1962 [1]		1963
	Area	Production	Area	Production	Estimated area
	1,000 acres	*1,000 short tons*	*1,000 acres*	*1,000 short tons*	*1,000 acres*
Rapeseed	158.2	110.9	201.1	169.0	217.4
Navette	15.1	6.6	14.1	6.4	14.8
Poppy	1.1	0.5	1.5	0.4	1.7
Sunflower	17.7	13.4	38.8	30.7	44.5
Flaxseed [2]	51.6	30.5	50.4	29.3	54.4
Other	40.5	15.1	29.7	10.4	29.7
Total	284.2	177.0	335.6	246.2	362.5

[1] Preliminary. [2] Flax grown for oil only; does not include that grown for fiber.

French Ministry of Agriculture Bulletin.

This official estimate of the Ministry of Agriculture, if achieved, is expected to further expand oilseed production—particularly rapeseed, sunflowerseed, and flaxseed—despite the winter weather. It was dry during the planting of the winter rapeseed crop and extremely cold most of the winter. This may significantly cut yields for 1962-63. Substantial oilseed and cereal plantings in some areas were destroyed during the winter, but these areas are expected to be largely replanted to rapeseed and flax.

Oilseed production in 1962 at 246,200 short tons increased by nearly two-fifths from the previous year. This increase, consisting largely of rapeseed and sunflowerseed, reflects both increased plantings and higher yields.

Planned oilseed production by 1965 is expected to total 330,000 tons. This would represent a one-third increase from production in 1962 and would supply roughly one-fifth of the estimated domestic vegetable oil requirements, or about 132,000 tons.

Exports of oilseeds in 1962 at more than 95,000 tons, consisting largely of rapeseed, increased by more than 1½ times those of 1961. Vegetable oil exports increased by only 15 percent.

FRANCE: TRADE IN OIL-BEARING MATERIALS, VEGETABLE OILS, AND CAKES AND MEALS, 1961 AND 1962

Commodity	Exports		Imports	
	1961	1962	1961	1962
	Short tons	*Short tons*	*Short tons*	*Short tons*
Oilseeds:				
Peanuts [1]	1,089	3,004	544,159	506,121
Soybeans	—	—	89,900	157,379
Rapeseed	34,675	90,303	37,302	17,273
Copra	—	—	98,374	106,331
Palm kernels	—	—	91,029	90,531
Flaxseed	299	155	86,838	67,500
Castor beans	—	—	11,320	28,771
Other	—	1,815	2,569	13,456
Total	36,063	95,277	961,491	987,362
Vegetable oils:				
Peanut [2]	3,082	3,566	118,901	116,900
Soybean [2]	6,469	9,627	1,754	1,687
Rapeseed	3,682	3,490	—	—
Olive	2,941	3,676	26,870	23,293
Coconut [3]	1,319	6	5,207	958
Palm	2,259	3,581	35,309	36,098
Linseed	1,982	655	23,742	15,611
Castor	1,289	1,621	28,647	23,717
Other	21,191	24,428	12,817	25,125
Total	44,214	50,650	253,247	243,389
Cakes and meals:				
Cottonseed	65	—	23,514	49,695
Peanut	34,819	12,180	86,432	210,939
Soybean	2,372	4,022	171,355	337,465
Sunflower	1,116	94	26,230	50,677
Rapeseed	22,033	7,713	1,704	11,701
Sesame	—	92	1,419	812
Copra	4,755	1,424	4,569	6,846
Palm kernel	20,596	8,139	915	2,963
Linseed	25,125	10,499	111,024	142,034
Castor	—	—	29,218	41,480
Other	15,229	9,860	7,934	20,134
Total	126,110	54,023	464,314	874,746

[1] Shelled basis. [2] Does not include refined oil due to moderate breakdown of items in the official returns. [3] Includes small quantities of other oils.

Customs Bureau, French Ministry of Finance.

Imports of oilseeds at nearly 1.0 million tons in 1962 were up 2 percent from 1961 while the total crush increased by about 10 percent to 1.15 million tons. Imports of peanuts from African countries, which accounted for about 0.5 million tons, declined 8 percent from 1961. Soybean imports from the United States increased sharply to more than 157,000 tons compared with about 90,000 tons in 1961.

Imports of vegetable oil in 1962 at 243,000 tons were down slightly from 1961. Imports traditionally meet over one-third of France's domestic vegetable oil requirements. About one-half of the vegetable oil imports came as peanut oil from Africa.

Total oilcake imports in 1962 climbed to 874,746 tons, up nearly 90 percent from the 464,314 tons imported in 1961. Soybean meal imports at 337,465 tons accounted for nearly two-fifths of the total compared with 171,355 tons in 1961. Other meal imports higher in 1962 were peanut, linseed and cottonseed meals.

Sicco Mansholt Speaks on the Common Market

(Continued from page 5)

poultry we have great difficulties. I have already had many discussions with your very active Secretary of Agriculture Freeman on this point. And I have full sympathy with your difficulties in production and trade in this product.

Of course, U.S. poultry exports to the Common Market are not traditional. They began comparatively recently. One reason they are only recent is that, until 1961, there were restrictions on imports into Germany. In 1958, you exported to us 3,000 tons of poultry. That increased to some 79,000 tons last year.

In the meantime our farmers, who are still backward in this business, are rapidly modernizing and increasing their production. As you know, we have millions of small farmers—far more than you have here—and poultry is one of the very few outlets they have for good income. They must earn a living. So we have on one hand to deal with legitimate interests of our farmers and, on the other hand, with interests of our trading partners.

We are all in the same trouble—you and we—in that everywhere production is increasing so fast that, despite increasing consumption in Europe, competition is so hard that prices are low and give our farmers very little profit. So you can understand that small farmers in Europe badly want an improved price level. Thus it is very hard to take any action that will hurt their difficult position still more.

Nevertheless, we want to recognize your interest in every way possible. Your poultry exports to us have fallen sharply since January. As a result, the Common Market Commission has proposed to its Council of Ministers—representing the six member countries—that the minimum import price level for poultry be reduced. But only in a moderate way. But I hope that our recommended reduction will restore to some degree the poultry exports of non-member countries to our market.

Of course, this problem will not disappear. We must continue our effort toward a reasonable solution. This, I believe, should be done in the context of the trade expansion negotiations which can begin, I hope, as soon as possible.

New Trade Act sets an example

And now I wish to turn to the third point—that of these negotiations we will soon undertake with the United States under the Trade Expansion Act.

I first wish to pay tribute to President Kennedy's statesmanship in proposing the Act. It marks American faith and confidence in the future, and sets an example to the world to follow. For the Trade Expansion Act reaffirm's America's commitment to the rest of the world and reminds us that the time is past when any great nation's economy can be limited and inward-looking.

The Act also came at the right time. For the European Community, which will soon have one external tariff and one agricultural policy, is one of the world's biggest trading areas, it is imperative that trade between us be organized.

What about agriculture in these negotiations? Agriculture will be included, because it is an essential element of the whole. There is no doubt of that. But how should we approach this problem?

As you know, we have never succeeded in finding the real answers to problems of world trade in agricultural products. We haven't succeeded either in GATT or in the OEEC. The reason is this: the powers of those organizations in respect to farm policy are too limited.

The approach up until now has always been on the trade side. We have always tried to remove barriers to trade between countries, while leaving all difficulties of national agricultural policy to the governments themselves. And we all know that national farm policies come well-equipped with a variety of weapons to protect the farmer at home in one way or another.

I say we now have a chance to take a new initiative. If we want to promote really balanced trade, we will have to seek out the decisive elements in all our farm policies and deal with them. In doing this, we must think not only of our farmers at home, but of the legitimate trading interests of other nations.

Let me give you an example: Let's take cereals. As I have already mentioned, the United States is the leading cereal supplier to the European Community. And, being concerned about this market, you want guarantees that it will be safe for you in the future.

But what is the factor that will determine whether you continue to sell us cereals? As I pointed out a few moments ago, it is our future price policy that will be decisive. Our price policy will determine how much cereal we raise ourselves and how much we buy from you.

So, in the forthcoming negotiations, let us talk about European price policy in cereals. Let us also, as in the case for poultry, talk about our gate price, for this is the determining factor for that export. By the same token, let us talk about American production and marketing policy and, yes, subsidy policy—where it influences world markets.

I repeat: we have a real chance now to make a new start on really removing obstacles to agricultural trade by dealing with the whole scope of agricultural policies, not merely tariffs and quotas.

During these negotiations I hope we can develop what I call "a code of good behavior in agricultural policy." Only in this way can we really develop the basis for agreements on a world scale—agreements which will benefit both producing and consuming countries.

New Europe, still taking shape

Now, in closing, I would like to say a few more words about the future of our European Community.

At this moment the air is filled with disappointment and—more seriously—a lack of confidence. There is particular disappointment that the Community could demonstrate such controversy about its basic political conceptions. This disappointment is especially sharp here in the United States. I think this is because you had come to think in the past few months of our new Europe as already accomplished.

Well, this is not the case. We are still in the process of making Europe.

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Every great undertaking has its crises. The United States was created only after many crises, including a great civil war. We in the new Europe are now subject to our own tensions. The tension is caused by the pull of nationalism at one hand and of unification at the other. And we are subject to tensions as we establish our place and relations with our partners of the free world.

In the Common Market Council of Ministers last week, Mr. Schroeder, the German Foreign Minister, proposed "synchronization" in all that must be achieved. This "synchronization" is a necessity because there is no common political objective at this moment.

This difference in conceptions of the political structure of the future Europe and its place in the world is of predominant interest to the whole free world. The solution cannot wait long. It is of paramount importance that we come to agreement on these points. Finally, we must remember that whatever the policy of the French Government today, it was France that provided the initial inspiration toward a unified Europe. The French people remain loyal to this ideal. The spirit of Robert Schuman and Jean Monnet still lives. And this spirit leaves no room for a closed, continental Europe.

I am convinced that after this setback we will have new chances again. We will grip them with firmness. There is no room for capitulation.

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